REMARKS

I.   Introduction

Claims 1 and 38-42 remain in this application. Claims 2-3 have been previously canceled and claims 4-37 have been previously withdrawn from consideration.

The Examiner rejected claims 1 and 38-42 under 35 U.S.C. § 103(a) as being unpatentable over May U.S. Patent 6,317,727 (hereinafter "May") in view of Tozzoli et al. U.S. Patent 5,717,989 (hereinafter "Tozzoli"). This rejection is respectfully traversed.

II.   Applicants' Reply to the Claims Rejection
       Under 35 U.S.C. § 103(a)

With respect to the outstanding rejection under 35 U.S.C. § 103 of claims 1 and 38-42, applicants make the following remarks.

One embodiment of applicants' invention is directed toward a method for qualifying a participant in an electronic trading system. More specifically, such a method allows an electronic trading system host or other parties to confine the ability of a participant to participate in trading with such parties.

According to this method, as specified in independent claim 1, a host qualification test and a third-party qualification test are applied to the participant. For example, the host qualification test may be any suitable method for determining whether a party is qualified to participate by the host of the trading system. Similarly, the third-party qualification test may be any suitable method for determining whether a party is qualified to participate by an existing participant in the trading system. A participant is a person or controlling entity receiving and responding to trading data, such as a buyer or seller. See applicants' specification, page 10, lines 2-28 and page 14, lines 1-8.

Qualification trading parameters are then assigned to the participant based upon both tests and a determination is made as to whether or not the participant qualifies to trade in the electronic trading system.

May relates to credit risk monitoring in financial transactions among traders. More specifically, May discloses screening potential counterparties before conducting trades in an electronic trading system based on predetermined credit preferences of the parties that chose to enter into a

financial transaction with each other to determine if two particular counterparties will accept each other for a particular trade based upon their respective predefined credit preferences. May Abstract.

Tozzoli relates to a trading system that facilitates trade in goods by, for example, avoiding the use of letters of credit. The trading system filters buyers and sellers based on criteria specified by a funder who guarantees payment for transactions processed between an approved buyer and a seller. Such criteria are predetermined. For example, they may relate to a buyer's minimum annual revenue and years in business. Accordingly, the funder filters buyers and sellers without necessarily receiving or responding to trading data. Tozolli Abstract, col. 5, lines 36-60 and claim 1.

Applicants wish to bring to the Examiner's attention two patently contradicting statements made in the first paragraph of the February 1, 2005 Office Action. Namely, in two consecutive sentences in the Office Action, the Examiner states that "May _discloses_ ... assigning qualification trading parameters to the participant based upon the host qualification test and the third-party

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qualification test" and that "May, explicitly, <u>does not</u>

<u>disclose</u> ... assigning qualification trading parameters to

the participant based upon the host qualification test and

the third-party qualification test" (Office Action, page 2,

emphasis added). Applicants agree with the latter statement

and respectfully request that the Examiner clarify the

aforementioned statements and confirm that that May does not

show or suggest "assigning qualification trading

parameters... based upon ... the third-party qualification

test", as specified in claim 1.

Applicants submit that not only May, but also

Tozzoli, fail to show or suggest this limitation because

neither show or suggest a third-party qualification test.

The Examiner disagrees with respect to Tozzoli's teachings.

However, as described above, a third-party qualification test

may be any suitable method for determining whether a party is

qualified to participate <u>by an existing participant</u> in the

trading system. An existing participant may be any person or

entity *receiving or responding to trading data*, such as a

buyer or seller, according to applicants. On the other hand,

as discussed above, Tozolli refers to filtering the buyer and

seller involved in a potential transaction based on

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predetermined criteria specified by a <u>funder</u>. As referred to in Tozolli, a funder guarantees payment for transactions processed between an approved buyer and a seller which satisfy the funder's *predetermined criteria* without necessarily receiving or responding to trading data and is therefore not a participant, according to applicants' definition. Accordingly, the filtering process described by Tozolli does not qualify as a third-party qualification test, as defined by applicants. Therefore, Tozolli does not refer to any such test and thus does not show or suggest assigning qualification trading parameters based upon such a test.

Accordingly, neither May nor Tozzoli shows or suggests "applying a third party qualification test" or "assigning qualification trading parameters to the participant based upon the host qualification test and the third-party qualification test", as specified in claim 1. For the reasons set forth above, claim 1, along with claims 38-42 which depend therefrom, are allowable. Applicants therefore request that the rejection of claims 1 and 38-42 be withdrawn.

III.   Conclusion

The foregoing demonstrates that this application is

in condition for allowance.   Reconsideration and allowance

are accordingly respectfully requested.

Respectfully submitted,

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